



Towards Economic
Development and Growth

SPEDU ANNUAL REPORT 2018/19



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**SPEDU ANNUAL REPORT
2018/19**

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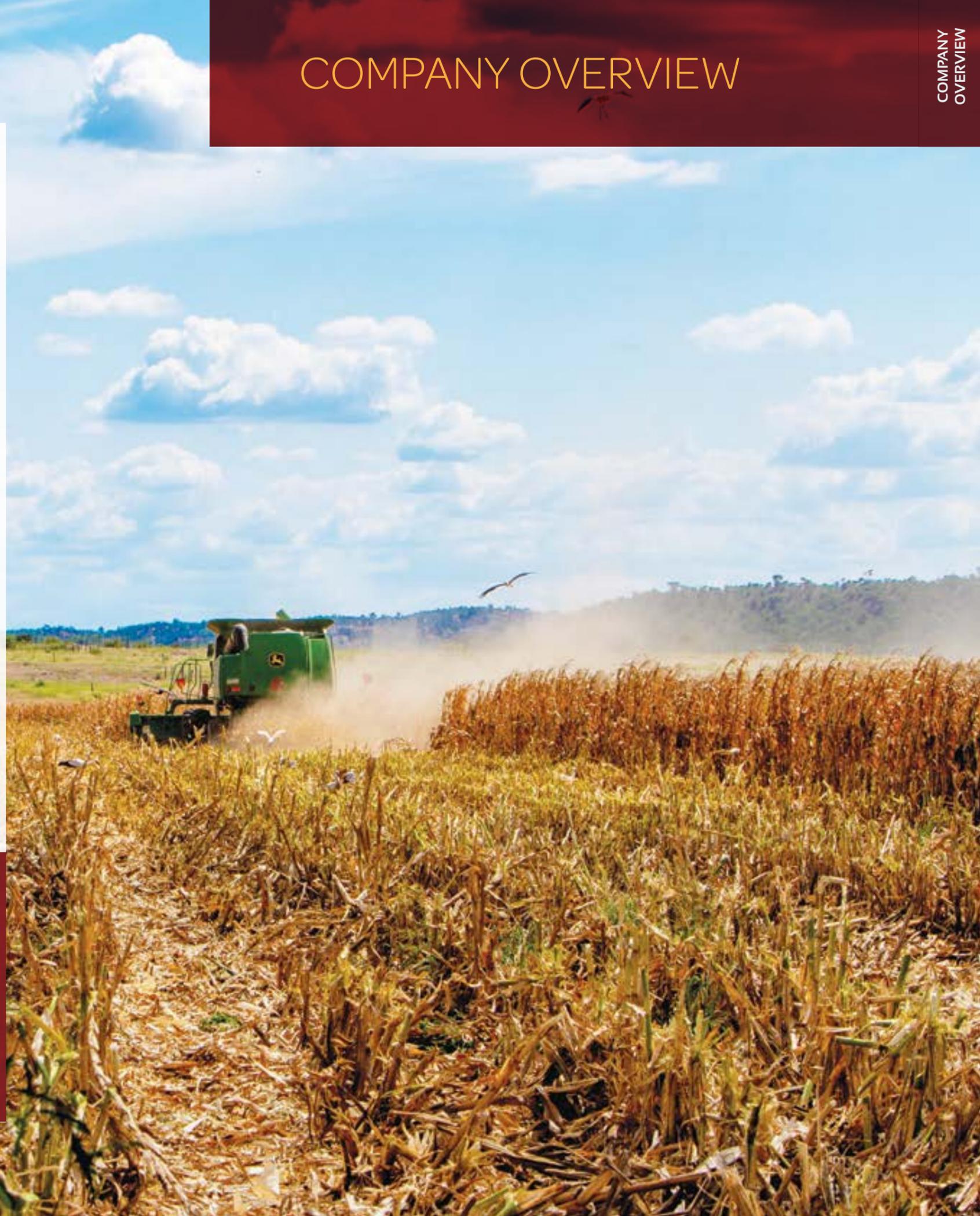
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SPEDU ANNUAL REPORT 2018/19

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INTRODUCTION TO SPEDU

SPEDU was established following recommendation of a study sponsored by the European Union in collaboration with the then Ministry of Finance and Development planning. The study recommended the establishment of a company to coordinate the regeneration programme for Selebi Phikwe. Following that, the Selebi Phikwe Economic Diversification Unit was formed as a Regional Economic Development Agency in 2008 with the mandate to:

- Manage diversification programme;
- Identify projects and progress them to potential investors;
- Work with existing promoters and with Government in respect of public sector projects;
- Help promote the image of Selebi-Phikwe; and
- Identify and secure outside technical assistance to carry out feasibility studies and other specialized tasks.

The Agency was later registered as a Company limited by guarantee in the year 2012 under the SPEDU, wholly owned by the Government of the Republic of Botswana, and operating as a parastatal organisation. The mandate of SPEDU was expanded to cover the hinterland of Selebi Phikwe as well, to include constituencies of Bobonong, Lerala - Maunatlala and Mmadinare.

The transformation into a Company aimed at improving the efficiency of the organisation and expedite delivery of the mandate. In 2015 the Company became fully operational as a parastatal under the Ministry of Investment, Trade and Industry (MITI), an alignment that was eminent in view of the mandate of the Company and its operations.

SPEDU has been set to achieve the following:

- To accelerate economic development and regeneration of the Selebi-Phikwe Region;
- To promote business efficiency and competitiveness in the Region;
- To promote inward investment and trade facilitation;
- To promote employment creation; and
- To enhance the development and application of skills relevant to employment in the Region.

STRATEGIC FOUNDATIONS

Vision

To be a model organization driving Regional socio- economic development

Mission

To promote sustainable, diversified trade and investment in the SPEDU Region; in partnership with key stakeholders. We will make the Region a destination of choice for investors through high performing staff.

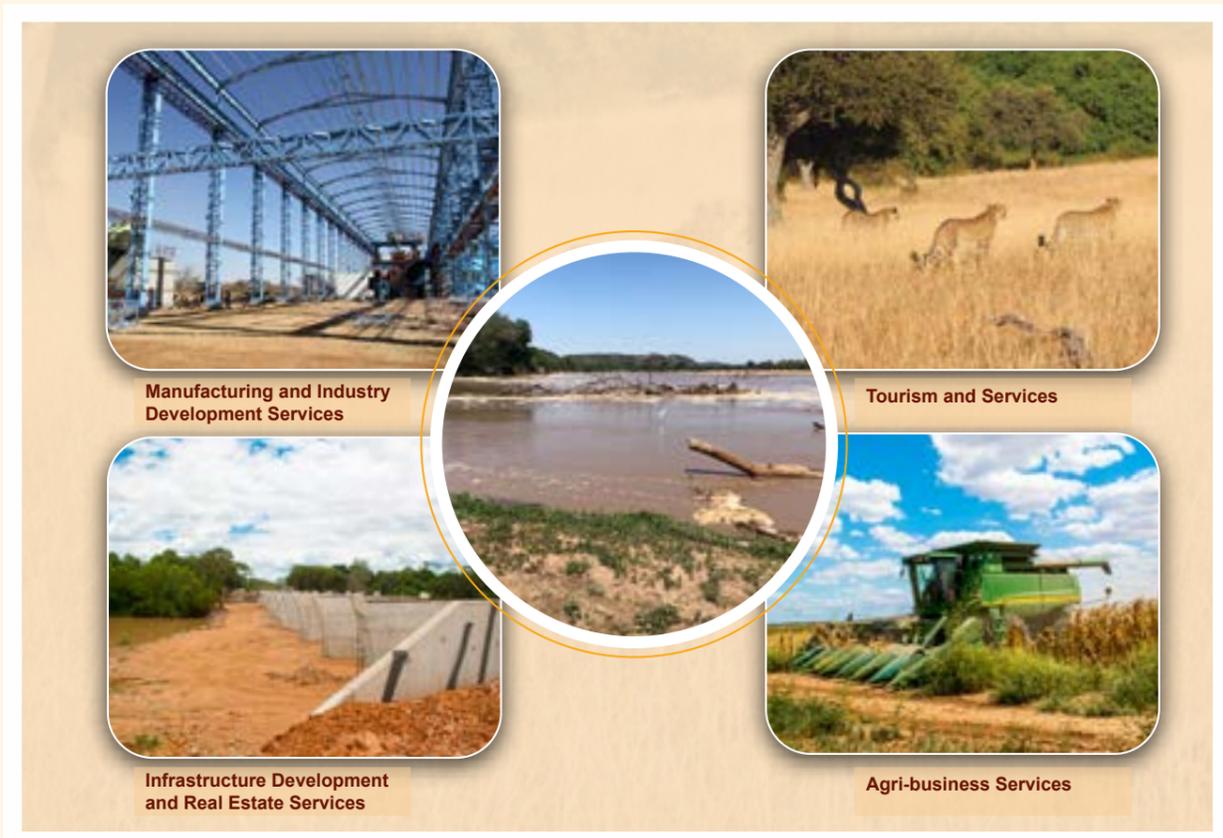
Values

- Result orientated;
- Customer centric;
- Accountability (leadership); and
- Teamwork and ethical (encompassing integrity, confidentiality, trustworthiness and openness).

Strategic intent

We intend to diversify the economy in tourism, agriculture, manufacturing and services in order to create sustainable employment, advance the quality of life and enhance socio-economic development in the SPEDU Region by 2035.

KEY ECONOMIC SECTORS



SPEDU aims to develop a sustainable economy, create employment and facilitate investment to ensure long term survival of the Region, through the following sectors:

- Tourism and Services;
- Agri-business Services;
- Manufacturing and Industry Development Services;
- Infrastructure Development and Real Estate Services; and
- Information Communication and Technology (ICT).

SPEDU REGION



KEY PHYSICAL FEATURES IN SPEDU REGION

SPEDU Region is host to different important physical features including the following:

- Major dams such as Letsibogo, Dikgathong, Lotsane and Thune Dams.
- Big rivers are Lotsane, Limpopo and Motloutse.
- Wildlife reserves (e.g. Mashatu game reserve)
- Historical sites and beautiful rolling hills (e.g. Tswapong hills, Lepokole hills, Solomon`s wall, Matshekge hills)
- Rich vegetation and fertile soils.

SPEDU SERVICES

SPEDU provides the following services:

- Promotes inward and direct investment in the Region;
- Facilitates land allocation for investors;
- Recommends for allocation of land to relevant stakeholders;
- Promotes investment viable projects;
- Conducts research for economic development;
- Lobbies for special dispensations and conducive environment for doing business in SPEDU Region;
- Coordinates stakeholder and facilitation of dialogue for projects development;
- Provides support for entrepreneurship development;
- Addresses barriers to business start-up and growth;
- Facilitates market access for projects;
- Facilitates projects for development of rural communities.

CHAIRPERSON'S REPORT

CHAIRPERSON'S REPORT



Mr. Tlhotlhetso R. Yane
Chairperson

“ It is with great pleasure and gratitude that I present to you the SPEDU 2018/2019 Annual Report. The report captures the SPEDU mandate, achievements, investor facilitation, challenges and Audited financial statements for the year under review. ”

SPEDU Company continues to facilitate and coordinate economic development projects and re-generation of the SPEDU Region with particular emphasis on investment promotion. The Company seeks to promote the establishment and growth of enterprises mainly in Sectors of Tourism and Services, Manufacturing and Industry Development Services, Agri-business Services, Infrastructure Development and Real Estate and Information Communication & Technology (ICT).

The sectors as will be enabled by the implementation of the SPEDU Regional Economic Incentives, have great potential in unlocking investment opportunities in the Region. SPEDU is confident to say **“INVEST IN THE SPEDU REGION”** for it is in this Region where potential is just waiting to be tapped, co – relished and sustained.

It remains difficult to achieve the target mark of six thousand, eight hundred and fifty-six (6856) jobs projected for the end of the Revitalization Strategy (March 2020) unless incentives which include Off-Take Agreement and Fiscal Incentives (zero customs duty on imported raw materials and rebates of customs duties) are fast tracked and implemented.

As a matter of demonstration, the top ten (10) potential suppliers from the pipeline of fifty – three (53) is projected to attract BWP 5 600 000 000 and over two thousand five hundred (2500) jobs.

Village Visibility and Engagement Tour

SPEDU Board and Management embarked on a Village Visibility and Engagement Tour stakeholder engagement programme from the 04th to 06th of

July 2018. Kgotla meetings were conducted in strategic villages that represent the constituencies of Bobonong, Lerala-Maunatlala, Mmadinare, Selebi-Phikwe West and Selebi-Phikwe East in the SPEDU Region.

The meetings were arranged for the leadership of these respective villages, (Mathathane, Manaedi, Maunatlala, Mmadinare and Selebi-Phikwe). The leadership among others included Honourable Councillors, District Administration, Dikgosi, Village Development Committees (VDC's), Community Based Organizations (CBO`s), and the village extension teams.

The engagement aimed to;

- Engage and update communities on the developments in the SPEDU Region;
- Introduce SPEDU Board of Directors and Management to the village authorities;
- Foster dialogue and build a rapport with the village leadership;

Corporate Governance

As the Chairperson of the SPEDU Board of Directors, I am delighted to report that the Board of Directors continues to be guided by the Ministry of Investment Trade and Industry, the shareholder. The Board provides guidance and strategic oversight in delivery of the mandate of SPEDU and implementation of the Revitalisation strategy. All Board Sub- Committees are functional and duly dispense their responsibilities. SPEDU has the following Sub - Committees; Human Resource Committee, Project and Investment Committee, Board Tender Committee and Finance and Audit Committee. The four (4) Board Sub - Committees

CHAIRPERSON'S REPORT (continued)

demonstrated proficiency and commitment in giving guidance on all facets both technical and operational activities relating to their specific disciplines.

As part of professional development, the Board of Directors attended the 27th African Corporate Governance Conference, King IV conducted by Advantage Trainings in Cape Town, South Africa. Meanwhile the Board has enacted several policies inter alia Corporate Social Responsibility (CSR), Retrenchment, Re – Deployment and Leave Policies.

SPEDU continues to maintain a good working relationship with various stakeholders which includes among others: Selebi-Phikwe Town Council (SPTC), Business Botswana (BB), Regional Business Voice Association, Botswana Tourism Organization (BTO), Botswana Bureau of Standards (BOBS), Citizen Entrepreneurship Development Agency (CEDA), Botswana Investment Trade Centre (BITC), Ministry of

Agricultural Development and Food Security (MADFS), SPEDU Region Community, Botswana Development Corporation (BDC), Local Enterprise Authority (LEA), Ministry of Land Management, Water and Sanitation Services, Special Economic Zones Authority (SEZA), Department of Environmental Affairs (DEA), Companies and Intellectual Properties Authority (CIPA), Central District Council (CDC) and Botswana Accountancy Oversight Authority (BAOA).

We remain thankful to Government's commitment through the Ministry of Investment, Trade and Industry (MITI) in supporting the Company to ensure successful implementation of the three (3) year Revitalization Strategy which ends in March 2020.



Mr. Tlhotlhetso R. Yane
Chairperson

BOARD OF DIRECTORS

BOARD OF DIRECTORS



Mr. Tlhotlhetso Ronald Yane
Board Chairperson

Mr. Tlhotlhetso Ronald Yane is the Board Chairperson. He served as Deputy Chairperson and Board Tender Committee Chairperson in 2017/18. He holds a Bachelor's Degree in Business Administration – Materials Management, Procurement and Logistics. His professional Membership includes CIPS and APICS. He worked for multinational companies, predominantly mining houses at Senior Management Level amongst others, Debswana Orapa and Jwaneng Mines. Mr. Yane is the Chairperson of the Botswana Chamber of Mines Business Development Forum, and a former Vice President and Secretary General of Botswana Exporters and Manufacturing Association.



Mr. Keletsositse Olebile
Deputy Board Chairperson, Chairperson - Board Tender Committee and Member - Projects and Investment Committee

Mr. Keletsositse Olebile Chairman of the Board Tender Committee and has resigned on the 31st March 2019. He serves as Executive Director Strategy and Competitiveness at Botswana Investment and Trade Centre (BITC), where he leads a team of specialists responsible for Market Research, Strategy Development, Policy Advocacy, Stakeholder Engagement, and Corporate Performance Monitoring. He was the CEO of BITC when he resigned on the 31st March 2019.

Mr. Olebile possesses a wealth of experience having previously worked for Botswana International Financial Services Centre (IFSC), as Strategy and Research Executive, Barclays Bank of Botswana as Strategy & Planning Manager, and the University of Botswana as Assistant Manager Financial Services. He also served as the first General Manager of Letshego Guard (Pty) Ltd (Legal Guard), the pioneering legal expenses insurer in Botswana. Being a native of the SPEDU Region, from Bobonong, Mr. Olebile brought a lot of guidance to the Board on the economic and social topography of the SPEDU Region, which is key in targeting relevant investments for the Region. Mr. Olebile holds a Bachelor's Degree in Accountancy, and a Master's degree in Business Administration.



Dr. Joel Sentsho
Chairperson, Human Resources Committee

Dr. Joel Sentsho is the Chairperson of the SPEDU Human Resources Committee. He is a Trade Policy Advisor in the Ministry of Investment Trade and Industry (MITI). Dr. Sentsho holds a PhD in Economics from the University of Strathclyde, Glasgow, Scotland. He worked for the University of Botswana as a Lecturer (1990–2005) and has researched and published extensively in the area of International Trade and Finance. Before joining the Ministry, Dr. Sentsho worked as a Senior Research Fellow at the Botswana Institute for Development Policy Analysis (BIDPA) (2005–2008), where he led the BIDPA Teams working on Regional integration and multilateral trade issues affecting Botswana.

Dr. Sentsho has been the Lead Expert in the development of the country's economic Policies and Strategies at Ministry of Investment Trade and Industry. Dr. Sentsho has been instrumental in the development of Botswana's negotiating positions at Southern African Customs Union (SACU), Southern African Development Community (SADC) and the recently concluded SADC EC Economic Partnership Negotiations (2014). He is a Board Member of Bank of Botswana, and Botswana Oil Company where he serves as Chairperson of the Board.



Mrs. Magdeline Motswagole
Chairperson, Finance and Audit Committee

Mrs. Magdeline Motswagole is the Chairperson of the SPEDU Finance and Audit Committee. She is a Fellow of the Association of Chartered Certified Accountants (ACCA) and Fellow member of the Botswana Institute of Chartered Accountants (BICA). She qualified as a professional Accountant in 1989 and joined the then Botswana Institute of Accountants in 1991. She also holds an MBA degree from the University of Derby. Mrs. Motswagole has worked for Water Utilities Corporation (WUC), former Botswana Training Authority (BOTA) now Botswana Qualifications Authority. She acted as the Chief Executive Officer (CEO) at BOTA from August 2011 to November 2013. She is currently the Director of Finance Botswana Qualifications Authority.

During her tenure as Acting CEO of BOTA she served in the board of the Tertiary Education Council and Human Resource Development Advisory Council (HRDC) she has also served in the Finance and Audit Committee of the then Botswana College of Agriculture (now Botswana University of Agriculture and Natural Resources) and is currently a member of the Finance and Procurement Committee of the Botswana Examination Council.

BOARD PROFILES (continued)



Mr. Mosalagae Sesupeng
Chairman, Projects and Investment Committee

Mr. Mosalagae Sesupeng is the Chairman of the Board Projects and Investment Committee. He has been an entrepreneur for more than thirty-seven (37) years. He is engaged in a diverse range of business including property development, transport and logistics, electrical construction and retail industry.



Mr. Reginald Selelo
Member of Tender Committee

Mr. Reginald Selelo has Master's in Economics (MA) and a Bachelor of Arts in Economics (BA) from the University of Botswana. He also has a Post Graduate Diploma in Management and Practice (Trade & Policy Management) from the University of Cape Town. He has worked for Botswana Export Development and Investment Authority (BEDIA) from 2004-2009. He also worked for Southern African Customs Union (SACU) from 2009-2011. Mr. Selelo joined Botswana Investment and Trade Centre (BITC) in 2013, where he is currently serving as Chief Operations Officer.



BOARD PROFILES (continued)



Mr. Moremi Moremi
Member, Tender Committee

Mr. Moremi Moremi is a member of Tender Committee. He holds a Bachelor of Arts Degree in Economics (University of Botswana) and a Master of Arts in Economics (Williams College, United States of America). Mr Moremi STEF as a Director in the Division of Economic and Financial Policy, Ministry of Finance and Economic Development.

He advises on issues relating to private sector development; assesses and advises on performance monitoring reports of Parastatals; advises on proposals relating to financial and/or operational restructuring of Parastatals; facilitates and coordinates preparations for the MFED Sectoral High Level Consultative Council (HLCC) and Wages Policy Committee (WPC); supervises the work of subordinates in the Employment and Enterprise Development Policy Section, among other things. Mr. Moremi has worked in Government Ministries as Principal Economist including Ministry of State President and Ministry of Transport and Communications. Furthermore, he has worked at First National Bank of Botswana and National Development Bank.



Mr. Motlamorago C. Gaseitsiwe
Member, Finance and Audit Committee

Mr. Motlamorago Chandies Gaseitsiwe is a member of Finance and Audit Committee. He is an Auditor by profession having spent more than twenty-eight (28) years in different positions both as an External and Internal Auditor. He held Auditing roles in various organisations including Coopers & Lybrand, Botswana Housing Corporation (BHC), Rural Industries Promotions Company of Botswana (RIPCO (B)), Botswana Public Officers Pension Fund (BPOPF) and BCL Limited.

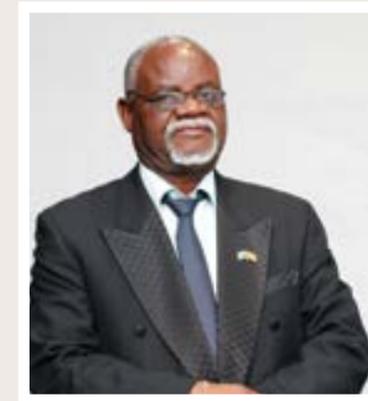
Mr. Gaseitsiwe holds Master's Degree in Audit Management and Consultancy, Postgraduate Diploma and Postgraduate Certificate from the University of Central England (UCE) Birmingham, United Kingdom. He holds an Association of Accounting Technicians (AAT) professional qualification. He has completed a Management Development Programme (MDP) with the University of Stellenbosch (South Africa) and Leadership Development Programme (LDP) with the University of Johannesburg (South Africa).

He is a member of Botswana Institute of Chartered Accountants (BICA), Institute of Internal Auditors and Association of Accounting Technicians. He currently serves as a Board Member of Botswana Red Cross Society (Honorary Treasurer) which he also chairs its Finance and Audit Committee. He is also a member Mmadinare Consumers Cooperative Society.



Mr. Thatayaone Gabaraane
Member, Human Resources Committee

Mr. Thatayaone Gabaraane is a member of Human Resources Committee. He has a Master's degree in Business Administration (MBA - South Africa) and Business Administration - Human Resources (Canada). He started his career in Human Resources as a graduate trainee with Debswana Jwaneng Mine. Mr. Gabaraane has over 20 years' experience in the human resources discipline and has held various positions in different organisations including mining, banking, and fast moving consumable goods. He is currently employed by Kgalagadi Breweries (Pty) Ltd, a subsidiary of Aneheuser Busch Inbev as a People Business Partner. Mr. Gabaraane is the deputy chairperson of the Botswana Savings Bank Board and a non-executive Board Member at Marsh Insurance brokers.



Mr. Rowland Morapedi
Human Resources Committee

Mr. Rowland Morapedi is a member of the Human Resource Committee. He has qualifications in railway construction and maintenance. He worked for Botswana Railways where he served in disciplinary hearings and grievances committees. He is engaged in various community development projects among others Leobo Project in Mmadinare where he serves as the Vice Chairperson and BOT50 Committee where he served as Chairperson.



CORPORATE GOVERNANCE

CORPORATE
GOVERNANCE

Corporate Governance

SPEDU as a Company was incorporated on the 5th of July 2012, to carry out its duties and deliver on its mandate, SPEDU has an independent Board of Non-Executive Directors, appointed by the Minister of Investment, Trade and Industry in terms of clause 10 of the Constitution, whose main purpose is to drive the strategic plan of the Company and to provide oversight to Management on matters pertaining to the Company operations. As a Company, SPEDU is committed to upholding the spirit of Corporate Governance by subscribing to the highest standards of transparency, integrity and accountability in accordance with current best practice.

The Board and Governance

The Directors are responsible for aligning the interests of the Board, management, shareholders and stakeholders. The Board exists to direct and/or supervise the business affairs of the Company as well as provide strategic direction. The Chairperson of the Board is responsible for providing guidance and leadership to the Board. He maintains focus by facilitating good leadership and governance

in collaboration with the Chief Executive and the Company Secretary and Legal Advisor Officer.

The Board and its committees are guided by a Board Charter in the discharge of their duties and responsibilities. The Charter binds the Members to abide by principles of good corporate governance and best practice. The Company is working towards compliance with the King Code of Governance and plans are being developed for implementation to aid that transition.

During the year under review, the Board of Directors comprised of ten (10) Non-Executive Directors and one ex-officio member being the Chief Executive Officer. In addition, the Board of Directors co-opted two (2) independent members who serve in the Projects and Investment Committee and the Finance and Audit Committee. The Directors have diverse skills, qualifications and expertise relevant to discharge their duties effectively and they should have insights in sectors relevant to the Company.

Table 1: SPEDU Board of Directors as at 31st March 2019:

NAME	DESIGNATION	TENURE
Mr. Tlhotlhetso R. Yane	Chairperson	01/06/2016 - 31/05/2020
Mr. Keletsositse Olebile	Deputy Chairperson	01/02/2015 - 11/12/2018
Mr. Motlamorago C. Gaseitsiwe	Member	01/06/2017 - 31/05/2021
Dr. Joel Sentsho	Member	01/02/2019 - 31/01/2023
Mr. Rowland Morapedi	Member	01/06/2017 - 31/05/2021
Mr. Moremi Moremi	Member	01/06/2017 - End of Contract with Ministry of Finance & Economic Development
Mr. Thatayaone E. Gabaraane	Member	01/06/2017 - 31/05/2021
Mr. Lesego Tebele	Member	01/06/2017 - 31/05/2021
Mrs. Magdalene Motswagole	Member	01/02/2016 - 31/01/2020
Mr. Mosalagae Sesupeng	Member	01/06/2017 - 31/05/2021
Dr. Mokubung N. Mokubung	Chief Executive Officer	15/04/2015 - 15/04/2020

Table 2: Board of Directors resignation and appointment:

NAME	DESIGNATION	TENURE	Status
Mr. Keletsositse Olebile	Deputy Chairperson	01/02/2015 - 31/01/2019	Resigned 11/12/2018
Mr. Reginald Selelo	Member	01/11/2018 - 31/10/2022	Appointed 01/11/2018

Board Meetings

The Board of Directors convened quarterly and held special meetings during the year under review in line with the constitution and the Board Charter. The meetings addressed the following:

- The organisation's operating plans and budget;
- Quarterly reports of operating departments;
- Minutes of meetings and action items;
- Corporate Strategy and Risk Management;
- Stakeholder relationship;
- Finance and investment;
- Corporate Social Responsibility.

The Executive Management and representatives and/or experts in specified areas attended meetings on invitation to provide additional insights into the items being deliberated on.

Board Sub-Committees

In accordance with clause 18.5 of the Constitution and clause 12.9 of the Board Charter, the Board delegates its powers and authorities from time to time to committees in order to ensure the operational efficiency and that specific issues are handled with relevant expertise. Four (4) Board Committees have been established with specific duties enshrined in their respective Committee Charters. They include: The Human Resources Committee, Finance and Audit Committee, Projects and Investment Committee and the Board Tender Committee.

Finance and Audit Committee (FAC)

The purpose of the Finance & Audit Committee is to provide the Board with assurance that the activities of SPEDU Board are compliant with the Companies Act and/or any applicable laws and regulations. The Committee meets at least quarterly and further convenes special meetings as and when necessary to address matters that require its attention.

The Audit Committee derives its mandate from the Finance and Audit Committee Charter and its purpose is to assist the Board of Directors fulfil its responsibilities for the financial reporting process, risk management, system of internal controls, the audit process, and compliance with the Companies Act and other applicable laws and regulations and relevant regulatory bodies.

The SPEDU Board has resolved to combine the roles of the Finance Committee with the Audit Committee. The Committee comprises three independent Non-Executive Directors, who are appointed by the Minister. Members collectively have sufficient qualifications and experience to fulfil duties and have sufficient understanding of financial reporting; internal financial controls; external audit process; internal audit process; corporate law and information technology governance. The members of the Committee include the following:

- Mrs. Magdeline Motswagole (Chairperson)
- Mr. Motlamorago C. Gaseitsiwe
- Mrs. Margret Dube - Chikwanje (Appointed on 10 January 2018)

The Committee engaged in the following activities:

- i) Reviewed financial statements and reports

formal reports, the appropriateness, relevance and reliability of operational and financial reporting.

- ii) Made recommendations to the Board for the appointment of the Independent Auditor, approved remuneration and terms of engagement for external auditors.
- iii) Evaluated the internal controls systems, accounting practices, information systems and auditing processes applied by SPEDU.
- iv) Ensured risk management to be a fundamental practice by SPEDU.

Financial Reporting

During the period under review, the Committee carried out the following activities in fulfilment of its mandate:

- i) Endorsed the external auditors Audit plan for the year and recommended for approval;
- ii) Reviewed and recommended the External Auditors fees;
- iii) Reviewed and recommended on the Annual Financial Statements and accounting policies, in line with statutory requirements;
- iv) Reviewed and endorsed the SPEDU budget for the year under review and recommended for approval by the Board;
- v) Reviewed the quarterly financial performance of the Company ensuring that it was in line with the approved budget;
- vi) Endorsed and recommended the appointment of the Internal Auditor and recommended for appointment by the Board;
- vii) Reviewed the Internal Audit plan

Internal Control and Risk Management

Internal Audit Function

The mandate of SPEDU Internal Audit Function is derived from the Internal Audit Charter approved by the Board. The Charter establishes purpose, Scope and Authority of the SPEDU Internal Audit Function. The other guiding principles are the International Standards for Professional Practice of Internal Auditing (IPPF) and Institute of Internal Auditors Practice Advisory of 2017. In line with the approved SPEDU Internal Audit Charter, and International Internal Auditing Standards. The main functions of the Internal Audit are to provide:

- Independent assurance services to the Board and Executive Management, focusing on effectiveness of the governance, risk management and control processes;
- Advice management on governance, risk management and controls required in the execution of the strategy.

RISK MANAGEMENT

Risk Management is an essential part of SPEDU processes. The organization has established the Enterprise Risk Management Function (ERM) in line with ISO 31000 and King III. ERM process is applied across all departments to identify potential events that may hinder achievement of key objectives. Management adopted the Risk Control Self-Assessment (RCSA) methodology to ensure Effective identification, assessment, monitoring of risks for successful execution of strategy.

SPEDU Internal Controls are focused on critical risk areas identified by front line management, confirmed

by Executive Management and endorsed by the Internal Auditors. The controls are designed to provide cost-effective assurance that assets are safeguarded and efficiently managed.

SPEDU is implementing a risk management Framework that is based on best business practice and International Corporate governance guiding principles.

Human Resource Committee (HRC)

The mandate of the Human Resource Committee is to provide advice to the Board and on human resource policies and procedures. The Committee is responsible for the development and implementation of the human resource strategy, review of the organizational structure, appointment of personnel, performance evaluation of SPEDU. The Committee is composed of the following members:

- Dr. Joel Sentsho (Chairperson)
- Mr. Thatayaone Gabaraane
- Mr. Rowland Morapedi

Projects and Investment Committee (PIC)

The purpose of the Committee is to provide advice on investment promotion, project facilitation and investment promotion. The Committee met and achieved four (4) quarterly or more frequently as circumstances dictated and reported to the Board on a regular basis as necessary to ensure that the Board is properly appraised on projects and investment matters. The Committee comprises of the following members:

- Mr. Mosalagae Sesupeng (Chairperson)
- Mr. Reginald Selelo
- Mr. Kopano Gareebine (appointed on 01 October 2018)

Board Tender Committee (BTC)

The Committee is charged with the responsibility of ensuring there are adequate guidelines and controls to regulate fair and transparent procurement of goods and services and supply chain management matters. The Committee met quarterly and convened special meetings. The members of the Committee are as follows:

- Mr. Keletsositse Olebile (Chairperson)
- Mr. Moremi Moremi
- Mr. Lesego Tebele

Board and Sub- Committee Attendance for 2018/2019 Financial Year

The Board meets at least quarterly to deliberate and pass resolutions on matters before it. Parallel to that the Board Sub Committees meet at least on a quarterly basis to provide support to the board and submit recommendations for approval. The table below summarizes meeting schedule for the year under review.

Table 3: Meeting schedule and attendance for the year 2018/19

Name	BOARD	BTC	PIC	HRC	FAC
Mr. T.R Yane (Chairperson)	8/8				
Mr. K. Olebile	2/8	2/6	3/4		
Mr. M. C. Gaseitsiwe	6/8				4/5
Dr. J. Sentsho	6/8			5/6	
Mr. R. Morapedi	8/8			6/6	
Mr. M. Moremi	8/8	6/6			
Mr. T. Gabaraane	6/8			6/6	
Mr. L. Tebele	4/8	4/6			
Ms. M Motswagole	3/8				3/5
Mr. M. Sesupeng	7/8		3/4		
Mr. R. Selelo	1/8	0/6	0/4		
Ms. M. Chikwanje					4/5
Mr. T. Gareebine			2/4		

Strategy Retreat

A strategy retreat was conducted for the Board of Directors in the reporting year and included participation of Executive Management. This session helped Board Directors familiarize themselves with the strategy and business of the Company.

SPEDU'S Registration with Botswana Accountancy Oversight Authority (BAOA) as a Public Interest Entity (P.I.E) in terms of section 22 of the Financial Regulations Act of 2010 as read with a Statutory Instrument No. 5 of 2016/ Financial Reporting (Public Interest Entities) Regulations, SPEDU is recognized as a Public Interest Entity. The Company is fully registered with the Authority and pays the annual subscription fees.

Directors' Remuneration

Members of the Board are not entitled to monthly or annual salaries. During the year under review the members were paid sitting allowances for meetings and SPEDU activities they participated in as detailed in the table below.

Table 4: Board of Directors Remuneration 2018/19

Member	Position	Director's Remuneration
Mr. Tlhotlhetso R. Yane	Chairperson	P162,225.00
Mr. Keletsositse Olebile (resigned)	Vice Chairperson	P14,805.00
Dr. Joel Sentsho	Member	P22,365.00
Mr. Moremi Moremi	Member	P36,540.00
Mr. Mosalagae Sesupeng	Member	P74,970.00
Ms. Magdeline Motswagole	Member	P13,230.00
Mr. Thatayaone Gabaraane	Member	P22,995.00
Mr. Rowland Morapedi	Member	P47,880.00
Mr. Motlamorago C. Gaseitsiwe	Member	P70,245.00
Mr. Lesego Tebele	Member	P32,760.00
Mr. Kopano Gareebine	Co-opted Member	P2,520.00
Ms. Magret Dube-Chikwanje	Co-opted Member	P11,340.00
Mr. Reginald Selelo	Member	P1,260.00
Dr. Mokubung N. Mokubung	Ex-Officio Member	

Compliance with the Corporate Governance Code

The Board recognizes that application of good corporate governance principles is critical because it enhances the Board's accountability. The Board is therefore committed to the practice of good corporate governance and best practices as a result. A plan is under development to ensure that the Company complies with the King iv code of governance in the ensuing year.





CHIEF EXECUTIVE OFFICER'S REPORT

CHIEF EXECUTIVE
OFFICER'S REPORT

CHIEF EXECUTIVE OFFICER'S REPORT



Dr. Mokubung N. Mokubung
Chief Executive Officer

// During the financial year being reported, SPEDU focused more on attracting investors, and ensuring provision of a conducive business climate for investors. //

During the reporting period of 2018/19 SPEDU intensified its mission to attract investment into SPEDU Region with a view to increase investment value, creation of employment and industry development. SPEDU managed to attract and bring new investors; through the newly formed Investment Promotion portfolio. The companies created a total of approximately P220 000 000 investment inflow out of which BWP 43 900 000 is Foreign Direct Investment and BWP 176 000 000 being Domestic Investment. For this period a cumulative quantum of one thousand two hundred and eighty-eight (1288) jobs were created.

In its endeavour to achieve the mandate, SPEDU has been involved with 53 companies in 2018/19 financial year and these are at different stages of development. Amongst these projects, twenty-two (22) are at advanced stages of implementation of which:

- Fifteen (15) are citizen owned companies in Information Technology (IT), Manufacturing, Agriculture and Infrastructure Development;
- Three (3) Government projects in Infrastructure Development; and
- Four (4) foreign-owned companies in Agriculture and Manufacturing.

The slow off-take of manufacturing industry has impacted job creation negatively leading to low number of jobs reported at the second year of the SPEDU Revitalization Strategy. The 1, 288 jobs created against the target of 2, 360 translates to 54.6% achievement level. Concerted efforts of investor attraction are ongoing to increase the level of employment in the Region.

The Government of Botswana through the Ministry of Investment, Trade and Industry approved the incentives including tax relief and off take agreements for investors which are administered through SPEDU. A steady uptake and implementation of these incentives has been experienced particularly in the sectors of Agri-business and Manufacturing and Industry Development.

In view of creation of conducive business environment, it is worth noting that the Company has managed to set up an Infrastructure Development and Real Estate function, a pre-requisite in investment promotion. The portfolio will be responsible for land servicing and management of land banks in the Region.

We are glad to report that during 2018/2019 reporting period the Memorandum of Understanding was signed between (SPEDU, Botswana Tourism Organisation (BTO), Botswana Motor Sport (BMS), Central District Council, Selebi-Phikwe Town Council (SPTC), South African Cross Country Series (SACCS), partners to host the Toyota Kalahari 1000km Desert Race (TDR). The event will be held for 5 years from 2019 in the SPEDU Region. The TDR, as popularly known, boasts more than two decades in Botswana. The year 2018/2019 marked a great milestone for the growth of the race, as it premiered in the northern side of the country. The TDR is the biggest event in Botswana tourism calendar, and attracts local and international following which will contribute immensely to the economic landscape of the SPEDU Region.

CHIEF EXECUTIVE'S REPORT (continued)

Increase in organizational footprint and visibility

Gaborone Office

SPEDU Management has adopted the opening of Gaborone Satellite office housed at Botswana Bureau of Standards (BOBS). The office will start operating in the next financial year (2019/2020).

Maunatlala Office

SPEDU opened a satellite office in Maunatlala village in the Lerala - Maunatlala constituency. The office mainly assist on daily basis , the rural community project aimed at improving their living standards.

Bobonong Office

Further in increasing organisational visibility and enhance service delivery, SPEDU is currently in the process of securing office space for another satellite office in Bobonong.

Towards Economic Growth

The Company strategy is to continuously attract more investment under the key sectors. SPEDU would like to invite efficiency-seeking companies here at home

and abroad that propose to invest and explore viable business opportunities in the Region.

Let me mention that, while the year under review was challenging on many fronts, it was equally engaging in a number of ways. We desire to have more investors to contact us. We have a regiment of highly competent staff who will discuss such opportunities on a more substantive level.

As the economy of the Region shapes up around the key sectors, the strategies are also geared towards infrastructure development, infusion of smart technologies and value chains. The immediate plan for the Company is to expedite the operationalisation of the incentives to promote growth and make the Region an upscale investment destination.

I thank you.



Dr. Mokubung N. Mokubung
Chief Executive Officer





EXECUTIVE MANAGEMENT

EXECUTIVE
MANAGEMENT



Dr. Mokubung N. Mokubung
Chief Executive Officer



Mr. Jazenga Uezesa
Director, Strategic Projects



Mr. James Mathokgwane
Director, Community Economic
Facilitation



Mr. Benedice Louis Sibanda
Director, Investment Promotion
(Resigned)

SPEDU STRATEGIC PROJECTS

SPEDU strategic projects cover the following sectors: Tourism, Agri-business, Manufacturing and Industry, Infrastructure Development and Services and Information and Communication Technology.

To date SPEDU is involved with fifty - three (53) companies which are at different stages of development.

MANUFACTURING AND INDUSTRY DEVELOPMENT



Bulb World (Pty) Ltd is a wholly citizen owned Company committed to offering clients end-to-end services on energy saving products such as LED bulbs, LED tube bulbs, FL bulbs, FL tubes, water meters and electric meters. The Company has employed seventeen (17) people and fifteen (15) were trained on assembling of bulb components from the 4th December 2018 to 7th December 2018; Towards the end of the financial year the Company temporarily closed the factory due to lack of raw materials.

ALMAZ (Pty) Ltd is a wholly citizen owned Company that assembles semi-knocked down computers and educational gadgets for the Ministry of Basic Education and related others. The project is expected to create about one hundred and twenty (120) jobs when fully operational. During the financial year under review, the Company had twenty - three (23) employees in January 2018. This was followed by training for 26 staff in March 2018 and 24 in April/May 2018. The Company has been issued with the Income Tax Relief Certificate as part of the SPEDU Region incentives.



Asante Tech Group (Pty) Ltd is a wholly citizen owned Company in the process of developing an ICT solution for service providers. Its main value proposition is to design and manufacture various technology solutions such as livestock identification technologies, queue management systems and e-pay solutions for both the local and multinational markets. Asante has added plastic chair moulding to its production base. The Company is expected to employ a total of forty (40) people once fully operational and currently, the project

has employed four (4) people. The Company has been issued with the Income Tax Relief certificate.



QS Building (Pty) Ltd is a wholly citizen owned is involved in manufacturing of fiberglass products for local and international markets. The products that are being produced include bath tubs, electrical poles, boats and canoes. The Company is expected to employ a total of seventy - five (75) people once fully operational and currently, the project has employed eight (8) people.



Allegiant (Pty) Ltd is a wholly owned citizen company involved in process of blow moulding and water purification through the process of reverse osmosis. The Company' s produce is now being distributed to several wholesalers, Viz, in Selebi-Phikwe, Saverite, Gosiamo, Fours, Eureka and eleven (11) Choppies stores in the Central Region. The product is sold as FreshGo in the market.



Dinesh Textiles (Pty) Ltd is a wholly owned citizen company involved in textile production (school uniform, security uniform and protective clothing). Dinesh Textiles (Pty) Ltd has been in existence since 1999 and the Company is expanding production to meet customer demand. Dinesh was awarded tenders by several local companies.

Pula Dynes (Pty) Ltd is a wholly owned citizen company, involved in pharmaceutical plant for production of pharmaceuticals such as ARVs, IV fluids and Paracetamol tablets. The project is estimated to create about 600 jobs during construction and three hundred (300) permanent jobs when fully operational. The Environmental Impact Assessment (EIA) report



was approved on the 26th of January 2018. The Ministry of Health and Wellness issued the Company with the letter of comfort regarding the Off-take Agreement on the 7th of March 2019. The Company has been issued with the Income Tax Relief Certificate.



Oxygen Gas (Pty) Ltd (Air Separation Plant) is a wholly owned citizen company which was facilitated by SPEDU

in August 2016 to obtain land. The Company intends to produce Oxygen, Nitrogen and Nitrous oxide per annum. The Environmental Impact Assessment (EIA) public review process is completed and subsequently approved in October 2017. The Ministry of Health and Wellness issued the Company with the letter of comfort regarding the Off-take Agreement on the 7th of March 2019. Oxygen Gas Pty (Ltd) has been issued with the Income Tax Relief Certificate.



Better Service Group (Pty) Ltd is a wholly owned citizen company is a Company that was setting up a paper value adding project whose major products are exercise books and stationery such as invoice books and related products. Better Service Group (Pty) Ltd employs forty – nine (49) people and the project is estimated to create about one hundred and twenty (120) jobs during construction and permanent jobs when fully operational. The Company has been issued with the Income Tax Relief Certificate.

SPEDU Region Projects in Pictures



Nitaz Collection (Pty) Ltd is a partnership between a citizen and South African national is in the early stages of producing garments. The Company currently employs one hundred and fifteen (115) employees. The Company continues to roll out its implementation plan while awaiting operationalisation of other SPEDU incentives. The Company has been issued with the Income Tax Relief Certificate.



Maneblock Holdings is a company based in Tsetsejwe involved in milling. The company is proposing an expansion plan that will increase the number of jobs. The expansion will result in the milling Company adding tsabana, wheat flour and samp lines into their existing sorghum milling line. The Company has been issued with the income Tax relief certificate. The product is sold as Farmers Pride.



INFRASTRUCTURE DEVELOPMENT AND REAL ESTATE



Construction of Platjan Bridge

Motloutse Farm Electrification Project: This a government owned project involved development of a power line from Selebi Phikwe to Bobonong Farms along Motloutse River. The project was funded at the cost of BWP 9 900 000 by the European Union through the Sysmin Re- Employment Account. The power line services forty-four (44) farms along Motloutse river. the power line was completed in May 2018. Thirty-nine (39) farmers have applied for connection and twenty-one

(21) have paid for connection. Fifteen (15) have been connected and eight (8) farmers are under production using electricity, four (4) in Bobonong and four (4) in Selebi-Phikwe.

Platjan Bridge Construction: The project involves construction of a Bridge across Limpopo river between Botswana and South Africa. The project was funded at the cost of BWP 109 750 359.72 by the European Union through the Sysmin Re- Employment Account.

The project is a result of a bilateral agreement between Botswana and the Republic of South Africa. The construction of the bridge commenced in January 2018 and completion is scheduled for August 2019. The project has employed one hundred and forty - five (145) people.

Untarred Lekkerport-Platjan Road

The construction of the Platjan Bridge over Limpopo River is nearing completion at a progress level of 80% against 80% mark with one hundred and forty - five (145) employees on site. The set date for completion of the project is scheduled for August 2019.

However, the tarring of a twenty-seven kilometres (27km) road linking the bridge and Lekkerport junction remains behind. SPEDU held discussions with the Ministry of Finance and Economic Development (MFED) and Botswana Unified Revenue Services (BURS) regarding the possibility of tarring the road. Preliminary assessments were made to estimate the cost of construction and a request BWP 221 00 000 000 was submitted to MFED.

Land Servicing Project

SPEDU is currently implementing land servicing project in collaboration with the Ministry of Land Management, Water and Sanitation Services (MLWS) at the estimated cost of P693.7m. The project implementation is into two phases:

Phase I: This phase of the project is planned to run for a period of fifteen (15) months from February 2019 to August 2020. This will entail servicing of thirty - nine (39) heavy industrial plots for the manufacturing and industry development sector. The total land to be serviced is measuring approximately 116.2ha at a cost of P293.7m.

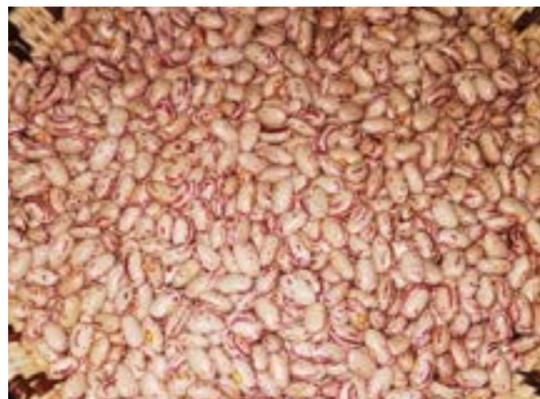
Phase II is scheduled to run for thirty-three (33) months beginning in January 2020 and end in June 2023. This project will service sectors of Agri - business and Tourism.

In efforts to address lack of serviced land for industrial, agriculture and commercial businesses, SPEDU is currently implementing the land servicing project in collaboration with the Ministry of Land Management, Water and Sanitation Services (MLWS) at the cost of BWP 84 000 000 000. The project entails land servicing of industrial, Civic and Community; Tourism and Tourism Related Activities; and Urban Agriculture sites within the Selebi Phikwe planning boundary. Tender Evaluation for the Engineering Services, Design Supervision and Construction Monitoring has since been completed and the contract was signed on the 11th of March 2019. The contractor is onsite conducting topographic and geotechnical survey which includes the conceptual engineering designs and construction.

AGRI-BUSINESS SERVICES



Strongwind Investment (Pty) Ltd is a joint venture, this is a joint Venture between two Batswana citizens and Amigear Ventures (Pty) Ltd T/A RICHMARK Chicken. The company manufactures organic fertilizer from chicken litter sourced. The Company's main purpose is to manufacture organic fertilizer from chicken litter sourced from Richmark Chicken. The product is sold as Tuli Organic fertilizer. The company has eight (8) employees and plans to expand the plant are underway.



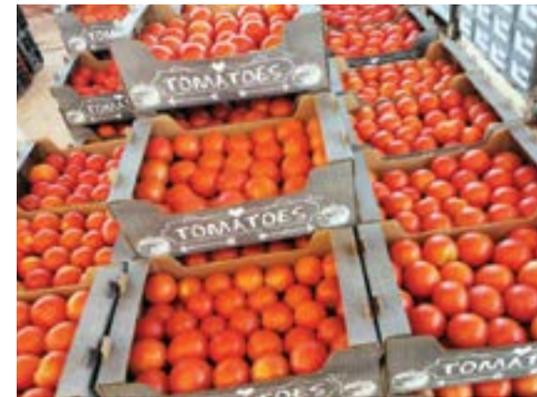
Kwenantle Farmers (Pty) Ltd is a partnership between one citizen and two South African nationals. The project

is engaged in production of maize and beans under irrigation. To date 500ha of the land is under irrigation. Construction of the silos commenced in March 2018 commissioned in November 2018. For this reporting period Kwenantle Farmers Pty Ltd produced a yield of three hundred and fifty (350) tonnes of sugar bean and four thousand, seven hundred and seventy-five (4 725) tonnes of maize. Kwenantle Farmers (Pty) Ltd has 120 employees. The company was issued with the 5% income relief certificate.



RICHMARK Chicken (Pty) Ltd is a large scale poultry farm operated by a joint venture, this is a joint Venture between two Batswana citizens and Amigear Ventures (Pty) Ltd T/A RICHMARK Chicken situated in the Tuli Block near Moletemane village. Richmark Chicken (Pty) Ltd has been in existence since 1975. The farm produces broiler chickens which are supplied to the rest of Botswana. It consists of a chicken abattoir and processing facility. The project involves broiler production of 400, 000 chickens per eight-week cycle,

a certified poultry abattoir by the Ministry of Agricultural Development and Food Security which slaughters 48, 000 chickens a week with a processing and packaging facility which handles various meat cuts. The project upgraded its poultry with two (2) additional controlled environment houses stocking 30 000 chickens each in September 2018 and are fully stocked. The company was issued with the 5% income tax relief certificate during the planning period.



Vegi Block (Pty) Ltd is a horticulture production project on a 1700 ha piece of land in the Tuli Block, operated by two South African citizens. The farm was acquired in November 2018 and developments started in December 2018. The main crops to be grown on the farm include among others cabbage, tomato, onion, butternut and potato. SPEDU has facilitated shipment of equipment and farm implements. SPEDU has submitted Tax Incentive Application to Ministry of investment, Trade and Industry in February 2019.



Urban Agriculture this project that is aimed at promoting urban agriculture in Selebi-Phikwe on a (1309ha) of land set aside in the Selebi Phikwe town planning area (Senwelo 1062ha, Ralenyetse 102ha and Mokondo 145ha). The land has been surveyed and the layout was approved by the Minister of Land Management, Water and Sanitation Services (MLWS) in 2018. The project is to benefit small scale farmers, youth, women groups, and contribute towards poverty eradication. The project will be serviced through the SPEDU land servicing project. Land servicing is planned to commence in 2020 and anticipated to be completed in 2023.



TOURISM AND SERVICES



Truck Stop and Bulk Fuel Station: is wholly citizen owned company project developed by Pointnegro Pty Ltd which is a Company based in Mmadinare. The project entails development of a ten (10) bed truck inn with bulk service fuel storage and warehouse. It is situated at the Serule-Mmadinare junction on a 10ha piece of land. The plot layout plan was approved in January 2018. The Environmental Impact Assessment commenced in November 2017.

Reliable Bandwidth and Security as well as Data Protection. The project implementation was delayed due to incomplete surveys of land. The survey diagrams have been approved by the Department of Surveys and Mapping.



Refurbishment of Bus-Taxi Terminal and development of commercial centre

Nickel Head (Pty) Ltd is a wholly owned citizen company which proposes to re-design and refurbish the existing bus and taxi rank, upgrading of market stalls and development of up-market commercial centre with office accommodation. The contract for the project was signed on 03 September 2018. The Company is developing architectural designs for the project.



Cabling 4 Africa, Data Centre: wholly owned citizen involved in depository internet solution that provides services such as Cloud, Backup and Disaster Recovery,

MEETINGS, INCENTIVES CONFERENCES & EVENTS (MICE)

The initiative to host MICE in the SPEDU Region continued in the reporting period, to support and sustain the hospitality sector. The initiative directly complements the events as it ensures business continuity in the seasonal hospitality sector. This initiative has attracted support from Government Ministries, Parastatals, Government companies and Private Sector.

TOYOTA KALAHARI 1000km Desert Race (TDR) 2019

The SPEDU Region successfully bid to host Toyota Kalahari 1000km Desert Race (TDR) in the SPEDU Region for five years (2019 – 2023). An Environmental Impact Assessment (EIA) was conducted to establish the environmental impact of the race on the environment. The TDR is scheduled for 21 – 23 June 2019. TDR is the biggest cross country race in Southern Africa. The event promotes hospitality entertainment and leisure. The event will be in partnership with South African Cross-country Championship Series (SACCS), Botswana Motor Sport (BMS), SPEDU Selebi-Phikwe Town Council (SPTC), Ngwato Land Board and Botswana Tourism Organisation (BTO)

SPEDU and Business Botswana Memorandum of Understanding (MoU)

SPEDU and Business Botswana signed a Memorandum of Understanding (MoU) in the 4th of October 2018. The purpose of the MoU is to collaboration in the establishment of SPEDU Regional chamber of commerce and facilitate integration of all SPEDU Region businesses and sectors into the mainstream economic development. The Regional chamber of commerce will affiliate to Business Botswana.



Memorandum of Understanding TDR-Signing ceremony

Botswana Consumer Fair 2018 (27 August – 02 September 2018)

SPEDU utilises Botswana Consumer Fair as a visibility tool. The consumer fair was held from 27 August- 02 September 2018 at Fairgrounds, Gaborone. SPEDU shared its mandate and engaged with potential investors.

Selebi-Phikwe Town Council Leadership Projects Tour date

The leadership of Selebi-Phikwe comprising of Selebi-Phikwe Town Councillors and the District Administration Office visited SPEDU projects in the Region. The objective of this tour was to familiarize the leadership with projects SPEDU is undertaking as well as to appreciate the progress and implementation challenges faced by SPEDU on the ground.

Village Visibility and Engagement Tour July 2018

SPEDU Board of Directors and management conducted kgotla meetings from the 4th to the 6th of July 2018 in the region. The meetings were held in Mathathane, Manaedi, Maunatlala, Mmadinare and Botshabelo in Selebi Phikwe.

The objective of the tour was to engage and give feedback to SPEDU stakeholders at village level on the developments in the SPEDU Region.

Stakeholder Engagement Forum (confirm number and dates)

SPEDU in collaboration with the Selebi-Phikwe leadership and business community hosted quarterly meetings. The purpose of the meetings was to update and engage with stakeholders in the Region on projects

and other business related matters. These meetings were effectively executed.

March 23 CEDA Entrepreneurship Engagement Day

ALL PARASTATAL MITI Games (11 June 2018)

SPEDU hosted the annual Ministry of Investment, Trade and Industry (MITI) Parastatal Games on 02 June 2018 in Selebi-Phikwe. The games were held under the theme 'KEEPING SPEDU REGION ALIVE'. The objectives of the games are to build a unified MITI team, enable a platform for networking and promote a healthy workforce. A total of 11 parastatals participated in the games.

Selebi-Phikwe Trade and Exhibition Show (23 – 28 July 2018)

2018 marked 2nd edition of the Selebi Phikwe Trade and Exhibition Show in Selebi-Phikwe from the 23 – 28 July 2018. The show attracted exhibitions from the agriculture sector, gender related projects, poverty eradication, financial services, parastatals and government departments. The show was officially opened by the Minister of Presidential Affairs, Governance and Public Administration, Honourable Nonfo Ezekiel Molefhi.

Selebi Phikwe Softball Extravaganza (20 – 23 July 2018)

The Softball Extravaganza is the biggest softball tournament for northern and southern divisions. The event celebrated its 10th year anniversary during the year under review. The celebration attracted Sixteen (16) teams from Botswana, two (2) teams from South Africa and one (1) team from Zimbabwe. This tournament has over the years grown as a brand, retaining loyalty of sponsors, participants and spectators during the July President holidays.

Orange Selebi-Phikwe National Marathon (11 August 2018)

The Orange Selebi Phikwe National Marathon was held on the 11th of August 2018. The event is sponsored by Orange Botswana in collaboration with SPEDU. The marathon is sanctioned by Botswana Athletics Association (BAA) and recognised by International Athletics Association Federation as a qualifying race for major international competitions such as Olympics games, world championship, commonwealth and all Africa Games.

Selebi Phikwe Stakeholder Engagement Forum (21 June 2018)

The stakeholder engagement forum is an interactive session with stakeholders, partners and implementers in SPEDU strategies. The forum is delivered in collaboration with Selebi Phikwe Town Council. In the year under review the forum was held in 21 June 2018. An update on SPEDU projects, was shared with the stakeholders. The meeting also shared the developments in Selebi Phikwe led by SPTC.

Botswana Investment and Trade Centre Board of Directors (23 November 2018)

Botswana Investment and Trade Centre held its Board meeting in November 2018 in SPEDU Region. The Board extended their meeting with courtesy calls to companies under facilitation of SPEDU. The Board

visited Nitaz Collection (Pty) Ltd, Almaz (Pty) Ltd, Allegiant (Pty) Ltd and NAPRO.

Sefophe poverty eradication CDC (15 February 2019)

The Central District Council held its regional Poverty Eradication beneficiaries' exhibition in Sefophe. SPEDU participated through an exhibition to share the mandate at the event with both exhibitors and the locals of Sefophe village. A representative from SPEDU officiated at the event. In attendance was Botswana Tourism Organisation, Citizen Entrepreneurial Development Agency and Bobirwa Sub District.

Gender Affairs Women's Expo (19 - 25 November 2018)

The company continued to participate in expos to increase its visibility and footprint in Botswana. SPEDU exhibited at the annual Women's Expo organised by the department of Gender Affairs. The expo awarded the company an opportunity to share the mandate and services offered by SPEDU.

Global Expo Botswana (30 October - 02 November 2018)

The Global Expo Botswana is a national exposition, organised by Botswana Investment and Trade Centre. The expo attracts international investors and is hosted on an annual basis. SPEDU participate at the Global Expo 2018 to interact with potential investors and other players in the investment promotion market.





Corporate Social Responsibility is a requirement for SPEDU as a public entity. The Company has a responsibility to carry out CSR activities in the communities of SPEDU Region. The CSR Policy was developed and approved in December 2018. The Policy places emphasis on community uplifting activities and events.

In the year under review the company engaged in the following activities:

Table 4: Donations and Sponsorship for 2018/19 Corporate Social

ORGANISATION	AMOUNT (BWP)
Mmadinare Development Trust office renovation	50 000.00
Mmadinare Agric Show	50 000.00
Bobonong District Show	50 000.00
Tswapong North District Show	50 000.00
Kala tsa Kgale	10 000.00
Morula Primary School	5 000.00
Kopano Primary School	3 500.00
Motsholapheko Primary School	5 000.00
Nico United	50 000.00

COMMUNITY ECONOMIC FACILITATION



Manaledi Pottery Project



Basket weaving Project

During the reporting year, Community Economic Facilitation function continued to work closely with the following communities;

- Selebi Phikwe Ornamentals and Flower Farmers
- Mmadinare Development Trust
- Thune Irrigation Scheme
- Lotsane Irrigation Scheme
- Basket Weaving Project
- Manaledi Development Trust
- Establishment and operationalization of Regional Business Voice Association

Selebi Phikwe Ornamentals and Flower Farmers

This project entails production of ornamentals and flowers by a group of women in Selebi Phikwe. The group is made up of a total of 35 unemployed women. Mobilisation and capacity development for the farmers was completed in October 2018. This was a build up towards registration of the cooperative, which is at registration stage.

The project is estimated to create thirty (30) jobs.

Mmadinare Development Trust

The Trust has completed a Strategy Implementation Plan in June 2018. The trust prioritised Bee Production project for the year under review.

The project is estimated to create five (5) jobs.

The trust was facilitated to apply for the following funding:

- National Environmental Fund in June 2018 for establishment of a campsite
- Japanese Embassy Grant Assistant for Grassroots Human Security Projects in December 2018 for establishment of a campsite
- United States Embassy Ambassador's Special Self Help Program in March 2019 for establishment of a Leisure resort.

Thune Irrigation Scheme

This is a horticulture production project to be implemented on a four hundred and twenty-three

hectares (423 ha) land near Mathathane village. An investor was identified for three hundred hectares (300 ha) land while the remaining one hundred hectares (100 ha) was set aside for the local communities of MOLEMA villages (Motlhabaneng, Lentswelemoriti and Mathathane).

The leadership of MOLEMA villages were engaged on September and December 2018 on the model to utilise the 100 ha set aside for community use. A resolution was made by the three (3) villages to register the land under their collective Trust; MOLEMA Development Trust.

SPEDU and Ministry of Agricultural Development and Food Security are facilitating lease acquisition from the Ministry of Land Management, Water and Sanitation.

Lotsane Irrigation Scheme

This is an agricultural project in Lerala-Maunatlala Constituency that involves a total of four hundred and fifty hectares (450 ha) of land. Three hundred and fifty hectares (350 ha) was apportioned for irrigation. An investor has been identified for the sixty hectares (60 ha) land. Eighty hectares (80 ha) was set aside for communities in the catchment area. Consultation meetings were held in January and March 2019 with the communities on the allocation model. The land was allocated to Maunatlala, Mokokwana, Mosweu, Lesenepole and Seolwane.

Basket Weaving Project

The project involves basket weaving in Bobirwa from the villages of Motlhabaneng, Lentswelemoriti and Mathathane. The project has forty-five (45) self-

employed basket weavers. SPEDU in partnership with Botswana Tourism Organisation conducted a capacity development training in November 2018, on crafting skills and business management.

Manaledi Development Trust

The Trust was facilitated to apply for National Environmental Fund in June 2018, and Japanese Embassy Grant Assistant for Grassroots Human Security Projects in March 2019 for establishment of a Pottery and Ceramics project. This project once operational will create thirteen (13) jobs.

Diloro Development Association

The Association has been in existence since 2007 and owns a milling firm which collapsed in 2016. SPEDU has facilitated the association for revival of the project. An application for funding with the United States Embassy Ambassador's Special Self Help Program was submitted in March 2019 for revival and implementation of the milling firm.

Kgagodi Development Association

The association has been in existence since 2008 and owns a two hectare (2 ha) horticulture plot. The project collapsed in 2014. SPEDU has facilitated the association for revival of the horticultural project. An application for funding revival of the project was submitted with the United States Embassy Ambassador's Special Self Help Program in March 2019.

Regional Business Voice Association

March/April 2018- Business community mobilization meetings
December 2018- sector meetings



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GENERAL INFORMATION

BUSINESS:

SPEDU was incorporated in 2012 by Companies Act, CAP 42:01 as a Company Limited by Guarantee. SPEDU is wholly owned by the Government of the Republic of Botswana. The objective of the Company is to carry out business as a regional economic diversification agency that facilitates sustainable economic growth through diversification and creation of sustainable employment opportunities for the region. The Company started its operations on 01 April 2013.

BOARD OF DIRECTORS:

Tlhotlhetso R. Yane	Chairman
Keletsositse Olebile	Deputy Chairperson (Resigned 11th December 2018)
Joel Sentsho	Member
Rowland Morapedi	Member
Mosalagae Sesupeng	Member
Motlamorago Gaseitsiwe	Member
Magdeline T Motswagole	Member
Lesego Tebele	Member
Thatayaone E. Gabaraane	Member
Moremi Moremi	Member
Reginald Selelo	Member

REGISTERED OFFICE:

SPEDU
Lot 12384
Industrial Site
Selebi Phikwe

INDEPENDENT AUDITORS:

PricewaterhouseCoopers
P O Box 294
Gaborone

BANKERS:

Stanbic Bank of Botswana Limited
State Bank of India (Botswana) Limited
First National Bank of Botswana Limited

ASSET MANAGERS:

Botswana Insurance Fund Management Limited
Private Bag BR 185
Plot 66458, Fairgrounds Office Park

STATEMENT OF RESPONSIBILITIES BY THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2019

The Board of Directors of SPEDU are responsible for the financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards.

The Company maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of Company assets. The Board of Directors is also responsible for the design, implementation, and maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the Board of Directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The Board of Directors have no reason to believe that the Company will not be a going concern in the foreseeable future based on forecasts and support from Government of Botswana.

Our independent auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. The independent auditors have unrestricted access to the Board of Directors.

The financial statements of SPEDU set out on pages 73 to 100 were authorised for issue by the Board of Directors and the Chief Executive Officer, and are certified by them to the best of their knowledge to be true and fair, and are signed on their behalf by:



CHAIRMAN

18 - 09 - 2019

DATE



CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SPEDU

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of SPEDU (the "Company") as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

SPEDU's financial statements set out on pages 73 to 98 comprise:

- the statement of financial position as at 31 March 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We communicate the key audit matter that relates to the audit of the financial statements of the current period in the table below.

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T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw

Country Senior Partner: B D Phirie

Partners: R Binedell, A S Edirisinghe, L Mahesan, S K K Wijesena

INDEPENDENT AUDITOR'S REPORT (continued) TO THE MEMBER OF SPEDU

Key Audit Matter	How our audit addressed the key audit matter
<p>Accounting for Government grants</p> <p>Government grants are assistance by government in the form of transfers of resources to the Company in return for compliance with certain conditions relating to the activities of the Company.</p> <p>The Company is dependent on Government Grants to finance its activities. The Grants received by the Company fall into three categories:</p> <ul style="list-style-type: none"> - Grants to defray general operating costs ("operating subventions") - Grants to finance specific expenditure ("specific operating expense grants"); and - Grants to procure assets ("capital asset grants") <p>The accounting treatment for Government grants is determined based on the categorisation of grants, with operating subventions being recognised in income when received, whilst specific operating expense grants and capital asset grants are recognised in income over time.</p> <p>When a grant is received, the Company exercises judgement to assess whether the Company is entitled to receive the grant; and how this grant should be categorised.</p> <p>The accounting for Government grants was identified to be a matter of significance to our audit due to the significance of amounts and balances to the annual financial statements and judgement exercised by the Company in determining the nature of such grants.</p> <p>The disclosures associated with Government grants are set out in annual financial statements in the following notes:</p> <ul style="list-style-type: none"> • Accounting policy 1.8 – Government grants • Note 1 - Operating subvention • Note 6 – Capital asset grants • Note 9 – Deferred revenue 	<p>We performed the following procedures as part of our audit of Government grants:</p> <ul style="list-style-type: none"> • We agreed Government Grants received to the Company's bank accounts without any exceptions; • We obtained a confirmation of Government grants received from the Ministry of Investment, Trade and Industry. No exceptions were noted; • To assess the Company's entitlement of the grants and the categorisation of Government grants, we tested the grants received against budgets approved by the Company's Board of Directors and submitted to the Government. Based on the results of our procedures, we concluded that the Company was entitled to the grants received and concurred with the Company's categorisation of the grants considering the nature of expenditure included in these budgets; • For various types of grants received, taking consideration of the categorisation of grants, we tested whether the accounting treatment was in line with the Company's accounting policy. Our testing did not identify any exceptions; and • To test the amortisation of capital asset grants, we tested on a sample basis, whether the amortisation for those specific grants was recognised in the statement of comprehensive income over the useful life of the underlying asset. We did not identify any exceptions.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "SPEDU Annual Financial Statements for the year ended 31 March 2019". Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional

INDEPENDENT AUDITOR'S REPORT (continued) TO THE MEMBER OF SPEDU

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Individual practicing member: Lalithkumar Mahesan

Registration number: 20030046

Gaborone

	Notes	2019 P	2018 P
Operating subvention			
Government grant	1	37 855 350	28 614 738
Other operating income		262 097	21 205
Amortisation of capital grants	6	2 551 267	2 072 490
Recurrent expenditure	2	(38 390 700)	(34 066 669)
Operating surplus/ (deficit)		2 278 014	(3 358 236)
Finance income	4	3 578	1 729
Net surplus/(deficit) for the year		2 281 592	(3 356 507)
Other comprehensive income		-	-
Total comprehensive surplus/(deficit) for the year		2 281 592	(3 356 507)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 P	2018 P
ASSETS			
Non-current assets			
Property, plant and equipment	5	5 817 010	5 385 357
		5 817 010	5 385 357
Current assets			
Accounts receivable	7	441 084	303 244
Cash and cash equivalents	8	17 336 098	1 672 623
		17 777 182	1 975 867
Total assets		23 594 192	7 361 224
FUNDS AND LIABILITIES			
Funds			
Accumulated deficit		(1 386 682)	(3 668 274)
		(1 386 682)	(3 668 274)
Non current liabilities			
Capital asset grants	6	5 009 496	4 895 975
Deferred Revenue	9	7 335 212	-
		12 344 708	4 895 975
Current liabilities			
Accounts payable	10	12 636 166	6 133 523
Total liabilities		24 980 874	11 029 498
Total funds and liabilities		23 594 192	7 361 224

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 MARCH 2019

	Accumulated surplus/ (deficit) P
Balance as at 01 April 2017	(311 767)
Total comprehensive loss for the year	(3 356 507)
Balance as at 31 March 2018	(3 668 274)
Balance as at 01 April 2018	(3 668 274)
Total comprehensive surplus for the year	2 281 592
Balance as at 31 March 2019	(1 386 682)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 P	2018 P
Cash flows from operating activities			
Cash generated / (used) in operations	13	8 328 263	(2 734 938)
Net cash generated / (used) in operating activities		8 328 263	(2 734 938)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(2 664 788)	(1 142 682)
Proceeds from disposal of assets		-	66 892
Changes in restricted cash		(4 761 327)	-
Net cash used in investing activities		(7 426 115)	(1 075 790)
Cash flows from financing activities			
Capital grant received		10 000 000	1 142 682
Net cash generated from financing activities		10 000 000	1 142 682
Net increase / (decrease) in cash and cash equivalents		10 902 148	(2 668 046)
Cash and cash equivalents at the beginning of the year		1 672 623	4 340 669
Cash and cash equivalents at the end of the year	8	12 574 771	1 672 623

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2019

General information

SPEDU was incorporated in July 2012 prior to that the financial operations were consolidated in Government accounts. SPEDU management team was supported by the Board of Directors which was newly appointed following the registration of the Company under the Companies Act Chapter 42:01 in July 2012. SPEDU Board of Directors enjoys cultural and professional diversity of competencies and experiences in various disciplines, covering mining engineering, management, economics, accounting and finance, business, procurement, law, etc. The address of its registered office is Lot 12384 Unit 2, Industrial site, Selebi Phikwe. These financial statements have been approved by the Members of the Board on 18 September 2019.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements of SPEDU have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Management Committee to exercise its judgment in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2019

1.1.1 Adoption of standards in the current financial year

a) New and amended standards applicable to the current financial year

The following new standards, amendments and interpretations to existing standards are mandatory for the Company's accounting periods beginning on or after 01 April 2018. These have been adopted by the Company during the year.

- IFRS 15 – Revenue from contracts with customers - The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.
- Amendment to IFRS 15 – Revenue from contracts with customers - The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation).

a) New and amended standards applicable to the current financial year

New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

b) New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following new standards, amendments and interpretations to existing standards are mandatory for the Company. These have not been early adopted by the Company.

- Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material - These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:

ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2019

1.1.1 Adoption of standards in the current financial year(continued)

b) New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

- use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immaterial information (Effective January 2020)
- IFRS 16 Leases - This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

(c) New standards, amendments and interpretations which are not yet effective and are irrelevant to the Company's operations

Management assessed the relevance of the following new amendments and improvements with respect to the Company's operations and concluded that they are not relevant to the Company:

- Amendments to IAS 19 - Employee benefits on plan amendment, curtailment or settlement - These amendments require an entity to:
- Use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus (recognised or unrecognised). This reflects the substance of the transaction, because a surplus that has been used to settle an obligation or provide additional benefits is recovered. The impact on the asset ceiling is recognised in other comprehensive income, and it is not reclassified to profit or loss. The impact of the amendments is to confirm that these effects are not offset.
- Amendments to IFRS 3 - Business combinations - This amendment revises the definition of a business.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 MARCH 2019

1.1.1 Adoption of standards in the current financial year(continued)

(c) New standards, amendments and interpretations which are not yet effective and are irrelevant to the Company's operations (continued)

According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions.

- Amendments to IFRS 9 – Financial instruments on prepayment features with negative compensation and modification of financial liabilities - The narrow-scope amendment covers two issues:
- The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities.
- How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings
- IFRS 17 - Insurance contracts - Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements.
- Amendments to IAS 28 - Investments in associates and joint ventures - The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9.
- IFRIC 23 - Uncertainty over income tax treatments - IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 MARCH 2019

1.2 Property, plant and equipment

Property and Equipment Plant is stated in the Statement of Financial Position at historical cost or valuation less any subsequent accumulated depreciation. All repairs and maintenance costs are charged in the income statement during the financial period in which they are incurred. Residual values are based on expected economic lifespan but measured at current prices.

Property Plant and Equipment is depreciated on straight line basis over useful economic life less residual value as follows:

Furniture and Fittings	5 years
Computer Equipment	4 years
Motor vehicles	4 years
Porta Cabin	10 years

1.3 Financial assets

1.3.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 MARCH 2019

1.3.1 Classification (continued)

Loans and receivables (continued)

months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (Notes 11.1 and 11.2).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

There are no financial assets classified as fair value through profit or loss and available-for-sale at the reporting date.

1.3.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Loans and receivables are carried at amortised cost using the effective interest.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

1.3.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 MARCH 2019

1.4 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of the comprehensive income.

1.5 Financial liabilities

The financial liabilities at Balance sheet date include 'Accounts payable and accruals' (excluding VAT and employee related payables). Financial liabilities, are initially measured at fair value, net of transaction cost. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are included in current liabilities unless the

ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2019

1.5 Financial liabilities (continued)

Company has an unconditional right to deter settlement of the liability for at least 12 months after the Balance sheet date.

1.6 Trade receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the assets's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income.

When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to the income.

1.7 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at current and call accounts at the bank.

1.8 Government grants

Government grants are assistance by government in the form of transfers of resources to the Company in return for compliance with certain conditions relating to the activities of the Company.

Government grants awarded to defray general operating costs ("operating subventions") are awarded to the Company based on annual estimates of operating expenditure submitted to the Government

ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2019

1.8 Government grants (continued)

by the Company. Although based on annual operating expense budget estimates, which are approved by the Board of Directors and reviewed by Government, operating subventions are not premised on strict monitoring of expenditure control by the Government and are thus recognised in the statement of comprehensive income in the respective period in which it is received.

Grants received to defray specific operating expenses (and which may thus only be used to finance such operating expenses) ("specific operating expense grants") are recognised in the statement of comprehensive income over the period necessary to match with the expenses they are intended to compensate. Specific operating expense grants received for which the related expense has not been incurred are recognised as unspent grants until the conditions for recognition have been met.

Grants received for the acquisition of property, plant and equipment ("capital asset grants") are included under non-current liabilities as unspent grants until such time as the relevant capital assets are procured. When these assets are procured, amounts equal to the cost of such assets are transferred from unspent grants to capital asset grants in the statement of financial position. The balance of capital asset grants, is subsequently amortised to the statement of comprehensive income over the useful life of the underlying asset. When the asset financed through the grant is disposed of, any remaining unamortised portion of the grant is credited to the statement of comprehensive income, in the period in which the underlying asset was disposed.

1.9 Provisions

Provisions claims are recognised when, the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 MARCH 2019

1.9 Provisions (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

1.10 Revenue recognition

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

1.11 Employee benefits

For employees who are on contracts, the Company pays gratuity in accordance with the respective contracts of employment. The gratuity is accrued for the estimated liability of the contract employees up to the balance sheet date. The costs of paid leave are recognized as an expense as the employee render services that increases the entitlement or, in the case of non-accumulating absence, when absence occurs. In terms of employment contracts and the relevant medical aid scheme, medical benefits are provided to employees. Contributions in relation to Company's obligations in respect of these benefits are charged against statement of comprehensive income in the period of payment.

1.12 Income tax

There is no provision made for Income tax as the Company is exempt from income tax.

1.13 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are

FINANCIAL RISK MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2019

1.13 Operating leases (continued)

classified as operating leases. Payments made / income received under operating leases (net of any incentives received from the lessor) is charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

1.14 Related party transactions

Parties are considered to be related if one has the ability to control the other party or exercise significant influence over the other in making financial operating decision. A number of transactions are entered into with related parties in the normal course of business.

2.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out under policies approved by the members of the Board.

(a) Market risk

(i) Cash flow and fair value interest rate risk

As the Company has neither significant interest bearing assets nor variable interest bearing liabilities, the Company's income and operating cash flows are substantially independent from changes in market interest rates.

(ii) Price risk

The Company is not exposed to other price risks such as equity price risk, commodity price risk, prepayment risk and residual value risk.

FINANCIAL RISK MANAGEMENT (continued) FOR THE YEAR ENDED 31 MARCH 2019

2.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Foreign currency risk

In the normal course of business, the Company may enter into transactions nominated in foreign currencies. In addition, the Company may have assets and liabilities in foreign currencies, which exposes it to fluctuations in foreign currency exchange rates. Foreign exchange risks arise when future commercial transactions or recognized assets and liabilities denominated in a currency that is not the entity's functional currency. The Company had no assets and liabilities or significant committed future transactions denominated in foreign currencies at year end.

In the period under review, the Company did not have any outstanding balances denominated in foreign currencies.

(b) Credit risk

Financial assets of the Company, which are subject to credit risk, consist mainly of cash and cash equivalents, deposits with banks and financial institutions. Cash deposits are held with high-credit-quality financial institutions.

The credit quality of financial assets is disclosed in Note 10.2.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying operations due to their short term nature, management of the Company aims to maintain flexibility in funding by keeping committed credit lines available.

FINANCIAL RISK MANAGEMENT (continued) FOR THE YEAR ENDED 31 MARCH 2019

2.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The Company's financial liabilities as given in the table below consist of accounts payable and borrowings. The analysis of financial liabilities into relevant maturity groupings are based on the remaining period at the reporting to the contractual maturity date.

	Less than 1 year P	More than 1 year and less than 5 years P	Total P
As at 31 March 2019			
Accounts payable	5 422 781	-	5 422 781
As at 31 March 2018			
Accounts payable	1 094 915	-	1 094 915

2.2 Capital risk management

SPEDU is a Company Limited by Guarantee with the main objective of promoting and facilitating regional economic diversification. As such all operations of the Company are funded by Government and therefore the Company is not subject to capital risk.

2.3 Fair value estimation of financial instruments

Financial instruments consist of trade receivables, bank and cash balances and other accounts payables resulting from normal business operations. The nominal value less impairment provision of trade receivables and accounts payable are assumed to approximate their fair values. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

3 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concern the future. The resulting accounting estimates will, by definition, be likely equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Residual value and useful lives of property, plant and equipment and intangible assets

The Company determines the estimated useful lives and related depreciation charges for its property, plant and equipment and intangible assets. This estimate is based on projections about the continued existence of a market for its services and intangibles and the ability of the Company to penetrate a sufficient portion of that market in order to operate effectively. The Company increases the depreciation charge where the useful lives are less than previously estimated, or it will appropriately impair technically obsolete or non-strategic assets that have been abandoned or identified for sale.

Residual values are based on current estimates of the value of these assets at the end of their useful lives.

Company increases the depreciation charge where the useful lives are less than previously estimated, or it will appropriately impair technically obsolete or non-strategic assets that have been abandoned or identified for sale.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

3 Critical accounting estimates and judgments (continued)

Residual value and useful lives of property, plant and equipment and intangible assets (continued)

Residual values are based on current estimates of the value of these assets at the end of their useful lives.

Accounting for Government Grants

The Company is dependent on Government Grants to finance its activities. The Grants received by the Company fall into three categories:

- Grants to defray operating costs – these are recognised in the period in which they are received based on approved budgets for operating expenditure.
- Grants to finance specific expenditure – these are initially recognised as liabilities and recognised in the statement of the comprehensive income in the period in which such expenditure is incurred.
- Grants to procure assets – these are initially recognised as liabilities and thereafter transferred to capital grants in the statement of financial position in the period in which the relevant assets are procured.

When a grant is received, management exercises judgement to assess (1) whether the Company is entitled to receive the grant; and (2) how this grant should be categorised.

In assessing whether the Company is entitled to receive the grant, management considers the amount received against the amount requested through the budget submissions and (where necessary) seeks clarity from the relevant Government ministry about the terms and conditions attached to the Grant. In assessing how the grant should be categorised, management considers whether the grant is meant to finance any assets or specific expenditure, if this is not the case, these are considered operating grants and the grant recognised in the statement of comprehensive income in the period in which it is received.

The accounting for Government grants is determined based on categorisation of grants, with operating subvention being recognised income when received, whilst specific operating expenditure grants and capital asset grants are recognised over time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

	2019 P	2018 P
1 Operating subvention		
Government grant	37 855 350	28 614 738
	37 855 350	28 614 738
<p>The grant received from the Government of Botswana is the most significant portion of income of the Company on an annual basis. This is awarded to the Company to defray operating costs.</p>		
2 Expenses by nature		
Administration expenses	3 049 164	2 525 885
Audit fees	77 429	100 050
Computer consumables, printing and stationery	960 858	940 896
Consultancy expenses	1 321 168	699 810
Depreciation	2 233 135	1 732 698
Donations and sponsorships	1 072 493	1 141 808
Director's expenses	1 495 644	1 340 513
Director fees	475 335	517 465
Motor vehicle insurance and running expenses	688 159	648 696
Office rental expenses	187 675	165 753
Promotion and advertising	1 008 022	897 815
Repairs and maintenance	622 806	244 094
Staff costs (note 3)	20 487 162	16 830 641
Security expenses	322 179	163 304
Seminars, workshop and conferences	1 163 928	457 544
Strategy expenses	267 096	1 439 487
Travel and subsistence(Internal and External)	2 958 447	4 220 210
	38 390 700	34 066 669
3 Staff costs		
Directors housing rental	312 743	381 489
Staff salaries	9 079 887	7 265 277
Staff allowances	5 870 380	5 136 996
Leave expenses	772 102	378 227
Medical aid expenses	701 175	581 636
Other staff benefits	1 126 876	899 673
Staff gratuity	2 623 999	2 187 343
	20 487 162	16 830 641
4 Finance income		
Bank interest	3 578	1 729

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

	Porta Cabin P	Motor vehicles P	Furniture and Fittings P	Computer Equipment P	Office Equipment P	Total P
5 Property, plant and equipment						
Year ended 31 March 2018						
Opening net book amount	263 542	1 660 372	1 015 074	3 099 434	57 714	6 096 136
Additions	601 596	-	304 346	200 145	36 595	1 142 682
Depreciation	(68 417)	(500 585)	(261 714)	(882 037)	(19 945)	(1 732 698)
Disposals	-	-	(122 854)	(82 308)	-	(205 162)
Depreciation on Disposal	-	-	32 018	52 381	-	84 399
Net book value	796 721	1 159 787	966 870	2 387 615	74 364	5 385 357
As at 31 March 2018						
Cost / Valuation	885 284	2 224 823	1 581 650	4 001 116	94 309	8 787 182
Accumulated depreciation	(88 563)	(1 065 036)	(614 780)	(1 613 501)	(19 945)	(3 401 825)
Net book value	796 721	1 159 787	966 870	2 387 615	74 364	5 385 357
Year ended 31 March 2019						
Opening net book amount	796 721	1 159 787	966 870	2 387 615	74 364	5 385 357
Additions	-	1 859 174	367 824	437 790	-	2 664 788
Depreciation	(79 675)	(841 208)	(321 468)	(970 185)	(20 599)	(2 233 135)
Net book value	717 046	2 177 753	1 013 226	1 855 220	53 765	5 817 010
As at 31 March 2019						
Cost / Valuation	885 284	4 083 997	1 949 474	4 438 906	94 309	11 451 970
Accumulated depreciation	(168 238)	(1 906 244)	(936 248)	(2 583 686)	(40 544)	(5 634 960)
Net book value	717 046	2 177 753	1 013 226	1 855 220	53 765	5 817 010
6 Capital asset grants				2019 P		2018 P
Balance at beginning of year				4 895 975		5 825 783
Capital asset grant utilised				2 664 788		1 142 682
Amortisation for the year				(2 551 267)		(2 072 490)
Balance at end of year				5 009 496		4 895 975
<p>Capital grants represent Government grants given to the Company to finance the purchase of property, plant and equipment. Capital grants are transferred to the income statement in a manner that represents the economic benefits generated through the usage of the related assets. As at the reporting date, there were no unfulfilled conditions attached to the capital grants.</p>						
7 Accounts receivables				2019 P		2018 P
Prepayments				48 470		30 074
Other accounts receivables				392 614		273 170
				441 084		303 244

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

7 Accounts receivables (continued)

The fair value of accounts receivable balances approximate their carrying values due to their short-term nature. Accounts receivable are neither past due nor impaired. Information regarding the credit quality of accounts receivable are given in note 11.2.

	2019 P	2018 P
8 Cash and cash equivalents		
Cash at bank	12 029 172	326 034
Cash equivalents	5 306 926	1 346 589
	17 336 098	1 672 623

The year end cash and cash equivalents comprises cash at bank and cash equivalents held with asset managers, Botswana Insurance Fund Management Limited.

As at 31 March 2019, cash and cash equivalents included an amount of P4 761 327 [2018: NIL] relating to land servicing funds from Government of Botswana. These funds are specifically to be used for the land servicing project and are therefore classified as restricted cash.

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

	2019 P	2018 P
Cash and cash equivalents as above	17 336 098	1 672 623
Less: land servicing project funds	(4 761 327)	-
Cash and cash equivalents as at year end	12 574 771	1 672 623
	2019 P	2018 P
9 Deferred revenue		
Grant Received from Government	10 000 000	1 142 682
Less: asset additions	(2 664 788)	(1 142 682)
	7 335 212	-

Deferred revenue relates to the balance of grant received from Government of Botswana for acquisition of property, plant and equipment, which had not yet been utilised as at year end.

	2019 P	2018 P
10 Accounts payable		
Other payables	661 454	1 094 015
Land Servicing	4 761 327	-
Provision for gratuity	6 112 667	4 278 497
Provision for leave	1 100 718	761 011
	12 636 166	6 133 523

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

10 Accounts payable (continued)

Provisions

	Gratuity P	Leave pay P	Total P
Balance at beginning of year	4 278 497	761 011	5 039 508
Provision for the year	2 623 999	772 102	3 396 101
Payments made during the year	(789 829)	(432 395)	(1 222 224)
Balance at end of year	6 112 667	1 100 718	7 213 385

The fair value of accounts payable balances approximate their carrying values due to their short-term nature.

11.1 Financial instruments by category

Fair value of financial assets and financial liabilities in the statement of funds and net assets approximate their carrying values. The accounting policies for financial instruments have been applied to the line items below.

31 March 2019

	Loans and receivables P	Assets at fair value through profit or loss P	Total P
Assets as per the statement of financial position			
Other accounts receivables	392 614	-	392 614
Cash and cash equivalents	17 336 098	-	17 336 098
	17 728 712	-	17 728 712
Liability as per the statement of financial position			
Land servicing	4 761 327	-	4 761 327
Other payables	661 454	-	661 454
	5 422 781	-	5 422 781

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

11.1 Financial instruments by category (continued)

31 March 2018

	Loans and receivables P	Assets at fair value through profit or loss P	Total P
Assets as per the statement of financial position			
Other accounts receivables	273 170	-	273 170
Cash and cash equivalents	1 672 623	-	1 672 623
	1 945 793	-	1 945 793
Liability as per the statement of financial position			
Other payables	1 094 015	-	1 094 015
	1 094 015	-	1 094 015

11.2 Credit quality of financial assets

		2019 P	2018 P
Accounts receivables			
Other accounts receivable	Not rated	392 614	273 170
		392 614	273 170
Cash and cash equivalents			
Stanbic Bank of Botswana Limited	Not rated	7 258 699	319 886
State Bank of India (Botswana) Limited	Not rated	6 148	6 148
First National Bank Botswana	Not rated	4 761 327	-
Petty Cash	Not rated	2 997	-
Short term deposits invested with BIFM	Not rated	5 306 926	1 346 589
		17 336 098	1 672 623

The other receivables pertain to balances with normal trading partners and they are fully performing. There are no credit ratings available for financial institutions in Botswana. The above entities have reported sound financial results and continued compliance with capital adequacy requirement set by the local banking regulator, Bank of Botswana and Non Banking Financial Institutions Regulatory Authority. None of the financial assets that are fully performing have been re-negotiated during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

12 Related party transactions

The Company is wholly owned by the Government and it's related parties comprise of Shareholders, affiliated entities and the Board of Directors.

	2019 P	2018 P
Government grant	40 406 617	30 687 227
Remuneration paid to senior management	3 855 097	3 232 388
Sitting allowances paid to Directors	475 335	517 465
13 Cash generated from operations		
Operating surplus / deficit	2 278 014	(3 358 236)
Adjustments for:		
- Depreciation	2 233 135	1 732 698
- Capital grant amortisation	(2 551 267)	(2 072 490)
- Interest income	3 578	1 729
Loss on disposal	-	53 871
Changes in working capital:		
- Increase in accounts receivables	(137 840)	(86 731)
- Increase in accounts payables	6 502 643	994 221
Cash generated / (used) from operations	8 328 263	(2 734 938)

14 Income tax

The Company is exempt from income tax as per Part 1(i) of the Second Schedule to the Income Tax, Act 12 of 1995 (Chapter 50: 01).

15 Going concern

The Company has made a surplus of P 2 281 592 (2018 : deficit P 3 356 507) and it's accumulated loss as at 31 March 2019 is (P1 386 682) (2018: P3 668 274). The financial statements have been prepared on a going concern basis as the directors are confident that the Company will continue to operate in the foreseeable future with the support from its shareholder, the Government of

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

15 Going concern (continued)

Botswana ("GOB"). The GOB, after year end had already disbursed P10 881 413 towards funding SPEDU's operating budget. GOB has also committed to supporting SPEDU into the foreseeable future. On the strength of these measures, these financial statements are prepared on a going concern basis.

16 Contingencies

The Directors confirmed that there were no contingent liabilities as at the statement of financial position date.

17 Capital commitments

The Directors confirmed that there were no material capital commitments outstanding as at the year end.

18 Events after the reporting period

The Directors confirmed that there has been no material changes in the affairs or financial position of the Company between the year end and the date of approval of these financial statements. The directors also confirm that there were no events after the reporting date that require adjustments to disclosure in these financial statements.

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	2019 P	2018 P
Grant received	37 855 350	28 614 738
Grant amortisation	2 551 267	2 072 490
Other operating income	262 097	21 205
Finance cost	3 578	1 729
	40 672 292	30 710 162
Recurrent expenditure		
Advertising expenses	267 096	1 439 487
Audit fees	77 429	100 050
Bank charges	22 417	18 964
Board expenses	1 495 644	1 340 513
Board fees	475 335	517 465
Cleaning material	237 328	175 646
Computer equipment consumables	70 222	171 448
Consultancies HR	841 599	422 410
Depreciation expense computer hardware	970 185	901 982
Depreciation expense furniture and fittings	321 468	261 714
Depreciation expense motor vehicle	841 208	500 585
Depreciation expense porta cabin	79 675	68 417
Depreciation expense office equipment	20 599	-
Dstv decoders	27 245	21 882
Donations	596 116	1 141 808
Professional allowances	1 653 329	1 361 015
Computer Softwares	275 740	134 400
Consultancy	479 569	277 400
Gratuities	2 623 999	2 187 343
Grounds maintenance	313 727	37 229
Insurance	189 375	92 850
Leave expense	703 799	283 255
Leave travel	68 303	94 972
Loss on disposal	-	49 764
Medical aid	701 175	581 636
Motor vehicle running expenses (fuel,oil and lubricants)	498 785	555 846
Newspapers and periodicals	30 575	32 634
Office minor works repairs	131 443	302 086
Office refreshments	59 239	59 802
Other admin expenses	27 801	138 367
Postage and courier	42 840	14 718
Premises rental	187 675	165 753
Balances carried forward	14 330 940	13 451 441

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	2019 P	2018 P
Recurrent expenditure (continued)		
Balances brought forward	14 330 940	13 451 441
Printing and stationery	614 896	635 048
Professional subscription - Company	10 000	-
Promotion and advertsing	1 008 022	897 815
Protective clothing and uniform	6 913	157 648
Motor vehicle repairs and service	309 079	206 865
Salaries	14 375 922	11 893 841
Security costs	322 179	163 304
Seminer,workshop and conferences,	1 177 732	457 544
Staff housing rental	312 743	381 489
Staff recruitment advertising and expenses	242 009	228 776
Staff training and development	693 104	441 773
Staff welfare	748 571	243 426
Telephone expenses	492 545	453 044
Tourism Events	510 489	-
Travel and subsistance - external	746 207	1 798 940
Travel and subsistance - internal	2 212 240	2 421 270
Water and Electricity- utilities	229 216	187 355
Workmans compensation	47 892	47 090
	38 390 700	34 066 669
Operating surplus / (deficit)	2 281 592	(3 356 507)

This detailed income statement does not form part of the financial statements covered by the audit opinion on pages 69 to 72 and is unaudited.